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Letter No. 2281

CURRENT SERIAL RECORDS

Sept. 25, 1986

CROPS IN  
MARKET  
DECLINES

The sharpest year-to-year export market declines continue to be concentrated in corn, grain sorghum, barley, cotton, soybean oil and sunflowerseed exports, according to the U.S. Department of Agriculture. Though cumulative exports-to-date of wheat and rice remain below last year's level, sharp gains have been posted in recent months due to implementation of the new marketing loan rates that lowered the effective market prices for these two commodities considerably. Value gains in exports of wheat flour, soybeans, soybean meal, beef and veal, poultry products, corn gluten feed and some horticultural products have partially offset the declines in U.S. exports.

OCT.-JULY  
EXPORTS &  
IMPORTS

U.S. agricultural exports during Oct.-July 1986 totaled \$22 billion 500 million, down \$4 billion 800 million, or 18 pct., from the same period a year earlier, according to the U.S. Department of Agriculture. U.S. agricultural imports for Oct.-July 1986 totaled \$17 billion 700 million, up 7 pct. from Oct.-July 1985. The overall net surplus of agricultural trade during Oct.-July 1986 amounted to \$4 billion 800 million, down 56 pct. from a net surplus of \$10 billion 700 million during the same period a year earlier.

DEBT-ASSET  
RATIO  
STABILIZING

The farm sector's debt-to-asset ratio, which worsened from 1982 to 1985, is beginning to stabilize, according to the U.S. Department of Agriculture. The ratio, commonly used to measure financial strength, rose from 20.8 pct. in 1982 to 24.9 pct. in 1985, because farm real estate values fell faster than debts were paid off. But cash income is record high in 1986 and farmers' production expenses are dropping. Farm debt has decreased as much as \$22 billion during 1983-86. By the end of 1986, farmers will have completed 4 years of perhaps a 6-year debt-reduction and asset-devaluation process.

SUMMARY OF  
DROUGHT

From late July to early Sept., an estimated 70,000 tons of hay, worth around \$10 million, were delivered to drought-stricken farmers in 12 Southeastern and Mid-Atlantic States. According to the U.S. Department of Agriculture, crop conditions have improved after four consecutive weeks of rain. Soybeans in particular are making a comeback. Sec'y of Agric. Richard Lyng had designated as disaster areas 567 counties in 12 States, as well as 124 contiguous counties.

## EC GRAIN SUBSIDIES

The European Community continues to raise its wheat and barley export subsidies, and now have reached \$112 per ton for wheat and \$124 for barley, according to the U.S. Department of Agriculture. These increases have doubled the Community's costs for subsidizing grain exports this year compared to last year. Contributing to the increased subsidy costs are: The weaker dollar, falling world prices and stronger EC internal prices which have widened the gap between EC and world prices.

## LOOKING OVER 40 YEARS

At market prices prevailing during 1940 to 1985, the United States produced more grain, oilseeds, cotton and dairy products than it could sell, either domestically or overseas. According to the U.S. Department of Agriculture, this excess production capacity averaged 6 pct. of total U.S. agricultural output during 1979-85...and 13 pct. for wheat, feed grains, soybeans and cotton. This inefficient use of resources was mainly caused by prices being supported above market-clearing levels, and consequent export market losses.

## MORE MEAT... MORE COARSE GRAINS

The world meat production is expected to grow around 1 pct. in 1986, as a marginal decline in beef, veal, lamb and mutton will be more than offset by increased pork and poultry meat, according to the U.S. Department of Agriculture. The demand for meat and meat products is increasing most rapidly in the middle-income countries, and those countries are prime prospects for U.S. coarse grain exports. Countries where meat demand is growing faster than coarse grain production are likely to turn to world markets for imports, much of which could come from the U.S.

## COARSE GRAIN EXPORTS - 1986

There is a potential for increased future exports of coarse grain due to increased meat consumption in middle-income countries. However, fiscal 1986 U.S. coarse grain exports are expected to fall more than \$3 billion, according to the U.S. Department of Agriculture. Nearly half the decline is from a large drop in demand by the USSR. Also, many traditional U.S. coarse grain competitors had larger supplies to export, and the dollar was still strong against their currencies. U.S. exports of livestock, poultry, and dairy products are expected to rise in fiscal 1986, and will probably exceed coarse grain exports in value for the first time since 1961.

## SALE OF FmHA LOAN NOTES

The U.S. Department of Agriculture, on Sept. 24, selected Manufacturers Hanover Trust Company to serve as a financial advisor to its Farmers Home Administration. Manufacturers Hanover will assist the agency in planning and carrying out the sale of about \$1 billion in loans from a revolving fund used to finance loans to rural communities for such projects as water and sewer systems. The 1986 fiscal year budget resolution, passed in April, requires FmHA to sell enough loans from the rural development fund to provide \$555 million toward deficit reduction.

## CONSERVATION RESERVE

The total area accepted into the Conservation Reserve Program climbed 5 million 100 thousand acres to 8 million 900 thousand during the August sign-up, according to the U.S. Department of Agriculture. This put the program ahead of the pace needed to reach the goal of 40-45 million acres by 1990.



FROM OUR  
TELEVISION  
SERVICE

**CURRENT AGRICULTURAL OUTLOOK...**The farm sector's debt-to-asset ratio, which worsened from 1982 to 1985, is beginning to stabilize. USDA economist Herb Moses explains what this means as well as other factors contributing to the current agricultural outlook. DeBoria Janifer interviews. (281)

**CURRENT DAIRY OUTLOOK...**USDA economist Jim Miller examines the current dairy situation and outlook, including the Dairy Termination Program and its affect on milk production and prices. DeBoria Janifer interviews. (282)

**SUGARS AND SWEETENERS OUTLOOK...**U.S. sugar production is forecast to increase from 6.03 million short tons in 1985 to 6.4 million short tons in 1986. USDA economist David Harvey takes a look at factors contributing to the current increase. DeBoria Janifer interviews. (283)

**SOUTH ASIA OUTLOOK...**In the nations of South Asia, improved local food grain supplies and competition from other exports have caused the fourth consecutive year of decline in U.S. exports to the region. USDA economist Maurice Landes discusses the decline in U.S. agricultural trade to South Asia. DeBoria Janifer interviews. (284)

**CHANGES IN PHILIPPINES...**USDA economist Leslie Ross focuses on the struggling economy in the Philippines and some of the changes being made by the new governments to improve on the agricultural sector. DeBoria Janifer interviews. (285)



FROM OUR RADIO  
SERVICE

**AGRICULTURE USA #1530...**(Weekly 13½ min documentary) Trace elements, some of which are considered poisons in large doses, are actually essential for us to keep on living. Brenda Curtis talks with a nutrition scientist about trace elements.

**AGRITAPE/FARM PROGRAM REPORT #1519...**(Weekly reel of news features) USDA news highlights; Export program repeated; Mariculture--A new industry; New research on the Colorado potato beetle.

**CONSUMER TIME #1012...**A living legacy; Fish hotdogs; Baseball and cigars from the Dominican Republic; Changes in national forests?; All-weather clothing.

**USDA RADIO NEWS SERVICE...**Tues, Oct. 7, Crop and weather update; Fri, Oct. 10, U.S. crop production; World agricultural supply and demand; Soviet crop production; Tues, Oct. 14, World crop report, World oilseed and World cotton situation. Dial the USDA National News Line 202-488-8358 or 8359. All material changed at 5 p.m. ET each working day.

OFF MIKE

Joe Kafka (Associated Press Radio, Washington, D.C.) will have left his Washington post by the time you read this to work in the AP bureau in Pierre, S. Dak. His replacement here is Thom Wilborm (he pronounces it Tom) ... Bob Bosold (WAXX, Eau Clair, Wis.) reports in his latest newsletter that his Alaskan tour was a goodie. He says some of the group met with a former Wisconsin farmer Earl Lackey who took all his farm machinery with him five years ago, which involved making 14 trips up the Alaska Highway. The startling thing is that each round trip was nearly 7,000 miles. Whew! ... Speaking of newsletters, we received a new one in the mail, called the TARN Agri-Bulletin. It's put out by Stewart Doan, Bob Buice, and Kathleen Lonergan at the Arkansas Radio Net in Little Rock ... Thank you letter from Jamie Kaestner (National Cattlemen's Assn, Englewood, Colo.) for some information we dug up for her. She also commiserated with us about the disruption our recent paint job created. Then she reminisced about working at a station undergoing some newsroom remodeling that required the news wire being located temporarily in the (co-ed) bathroom. As Jamie describes it, "If the machine 'dinged' three or more times, and you were in the bathroom, you had to immediately 'rip the wire' and shove it under the door." Ah, the memories ... We accidentally shoved a letter from Layne Beaty (USDA Radio/TV Chief, retired) into the back part of a drawer, and it just surfaced. In it he reported he and Virginia had spent some time in Salt Lake City and while there visited John Berg at KSL. His comment: "What poshy digs they have!!" We agree. We toured the "digs" during the 1985 NAFB Western Regional meeting. Layne reported that John said former KSL farm director Ted Capener is now vice president at University of Utah...and that Lynn Adair also former KSL farm director and 1974 NAFB president, is now in farm and ranch real estate in nearby Bountiful, Utah.

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